

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE**

**IN THE MATTER OF THE APPLICATION)
DELMARVA POWER & LIGHT COMPANY)
FOR APPROVAL OF MODIFICATION TO) PSC DOCKET NO. 13-349F
ITS GAS COST RATES)
(FILED AUGUST 28, 2013))**

**DIRECT TESTIMONY OF
MALIKA DAVIS
ON BEHALF OF COMMISSION STAFF**

FEBRUARY 26, 2014

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Appendix

1 I. Introduction and Purpose of Testimony

2 **Q. Please state your name, business address, and current occupation.**

3 A. My name is Malika Davis. My business address is 861 Silver Lake Boulevard, Suite 100,
4 Dover, Delaware 19904. I am a Public Utility Analyst II for the Delaware Public Service
5 Commission ("PSC" or "Commission"). I have been employed as a Public Utility Analyst since
6 joining the Commission in March 2010.

7
8 **Q. What are your job responsibilities as a public utility analyst?**

9 A. I am responsible for the certification of Delaware electric suppliers, the monitoring of
10 Delmarva Power & Light's ("Delmarva" or the "Company") quarterly reports related to
11 customer service and operational issues, and the monitoring of Delmarva's quarterly rate of
12 return reports. I also monitor Delmarva's monthly reports for the gas cost rate recovery
13 schedules and quarterly hedging reports. I am part of the team that works with the Company
14 regarding issues related to customer education initiatives involving advanced metering
15 infrastructure and dynamic pricing. I have also served as the case manager in Delmarva's most
16 recent Environmental Surcharge Rider cases. Additionally, I served as the case manager for
17 Delmarva's most recent natural gas base rate case.

18
19 **Q. What is your professional experience and educational background?**

20 A. I have a Bachelor of Science in Marketing and Business Administration and a Master of
21 Business Administration from Delaware State University. Prior to my employment with the PSC,
22 I was employed as a Management Analyst I with the Delaware Division of Motor Vehicles
23 (DMV). My duties included monitoring the Commercial Driver Licensing Program for

1 compliance with State and Federal laws and regulations, training driver license examiners,
2 issuance staff, and driver improvement staff, interacting with other State and Federal agencies,
3 representing the DMV at administrative hearings, applying for Federal grants and maintaining
4 compliance with Federal requirements for grant reporting. Before accepting the position with the
5 DMV, I was employed as a Labor Market Analyst with the Delaware Department of Labor in the
6 Office of Occupational Labor Market Information, where I was assigned to work on the
7 Occupational Employment Statistics program. I was also previously employed at Delaware State
8 University where I held several positions including Records Office Assistant/Secretary, Acting
9 Lead Student Services Generalist, Adjunct Instructor, and Career and Academic Advisor for the
10 College of Business.

11
12 **Q. What is the purpose of your testimony?**

13 A. I was assigned to review Delmarva's Application for a Change in Its Annual Gas Cost
14 Rates (the "Application") to ensure that the proposed rates are just and reasonable, and that they
15 comply with Delmarva's gas service tariff. In my testimony I have included a recommendation
16 to the Commission with regard to the treatment of this Application.

17
18 II. Summary of Conclusions

19 **Q. Please summarize your conclusions and recommendations.**

20 A. After reviewing the Application and responses to data requests I have formed the
21 following conclusions and recommendations:

- 22 • The Gas Cost Rates ("GCR") requested in the Application for November 1, 2013,
23 through October 31, 2014, and approved by the Commission on a provisional basis in

Order No. 8457, should be approved as final. These rates will be subject to a true-up in Delmarva's next GCR proceeding based on actual gas procurement costs and revenue during this period.

- It appears the Company is complying with the settlement agreement in Docket 12-419F.
- The Company should continue with its actions to mitigate increases in fixed costs with regard to pipeline charges, storage services and peaking sources.
- Costs related to hiring a technical expert in relation to the lost and unaccounted for gas issue should not be recovered in the GCR.

III. Background of the Application

A. Summary and Review of the Application

Q. Please summarize the Application.

A. The GCR is the rate that the Company charges its customers to recover its natural gas costs for the twelve month period from November 1st through October 31st of each year, also known as the Gas Cost Year ("GCY"). The Company's gas service tariff requires an annual estimated GCR filing to be made by August 31st of each year. The gas service tariff also contains a provision for reconciling over- or under-recoveries from a preceding year. The GCR recovers the Company's total purchased gas costs. Components of the purchased gas costs include commodity purchases, transportation, demand, storage, capacity charges, and hedging costs. Any refunds received from the Company's suppliers are credited against the GCR.

The Application shows a projected under-recovery balance of \$5,949,307 or 8.1 % for the period ending October 31, 2013. The rates effective November 1, 2013, are based on projected sales data and gas costs for the twelve-month period November 1, 2013, through October 31, 2014. The Company provided testimony to reconcile and true-up actual with estimated Commodity Cost Rate assignments for its Large Volume Gas service ("LVG") and electing Medium Volume Gas service ("MVG") customers.

Q. What changes to the current GCR is the Company proposing?

A. On August 28, 2013 Delmarva filed an Application to revise the GCR demand and commodity charge applicable to Service Classifications MVG and LVG, to revise the volumetrically applied GCR factors applicable to Service Classifications Residential Gas Sales Service ("RG"), General Gas Sales Service ("GG"), Gas Lighting Sales Service ("GL"), and non-electing MVG, effective on November 1, 2013, with proration. Additionally, the Company proposed to reconcile and true-up actual versus estimated Commodity Cost Rate assignments for LVG and electing MVG Customers.

Below is an illustration of the modifications Delmarva is proposing to its GCR:

	<u>Present</u>		<u>Proposed</u>	
	GCR Demand Charge	GCR Commodity Charge	GCR Demand Charge	GCR Commodity Charge
<u>Rate Schedules</u>				
RG, GG and GL	N/A	68.967¢/ccf	N/A	62.106¢/ccf
Non-electing MVG	\$11.6589/Mcf of Billing MDQ	\$5.1051/Mcf	\$11.9198/Mcf of Billing MDQ	\$4.2536/Mcf
Electing MVG and LVG	\$11.6589/Mcf of Billing MDQ	Varies	\$11.9198/Mcf of Billing MDQ	Varies
Standby Service	\$11.6589/Mcf of Billing MDQ	N/A	\$11.9198/Mcf of Billing MDQ	N/A

1 **Q. How would the proposed changes to the GCR impact Delmarva's residential**
2 **customers?**

3 A. An average residential space heating customer using 120 ccf during a winter month will
4 experience a decrease of \$8.23 or 5.5%, in his total bill. I have attached a bill calculation
5 (Attachment MD-1) showing the percentage of the total bill associated with the GCR change.

6
7 **Q. Please explain the impact of the proposed GCR changes for Commercial and**
8 **Industrial customers.**

9 A. These customers will experience decreases ranging from 4.7% to 11.7% depending on
10 load and usage characteristics.

11
12 **Q. Please explain your review of the Application.**

13 A. I reviewed the Company's Application, including testimonies and exhibits; prior GCR
14 dockets, orders, and documents regarding follow-up issues; and the 2012-2013 quarterly hedge
15 reports. I also reviewed the natural gas demand supply plan for this Application and the strategic
16 gas supply plan for the period 2013/2014 through 2018/2019.

17 In addition to information obtained through formal and informal discovery, I attended
18 meetings with various Company personnel involved with the GCR. I also performed monthly
19 audits of Delmarva's GCR sales, revenues, and costs.

20
21 **Q. Were you assisted in your review of this filing?**

22 A. Yes. Mr. Jerry Mierzwa was retained by the Commission to assist Staff and the Division
23 of the Public Advocate ("DPA") in reviewing the GCR filing, the Company's Supply Plan, and

1 evaluating the Company's procurement activities against established regulatory standards. Mr.
2 Mierzwa's review focused on gas procurement practices and policies.

3
4 **B. Assessment of the Application**

5
6 **Q. What actions did you take in preparing for this filing?**

7 A. Prior to the Company filing this Application, I was involved in auditing the Company's
8 gas costs. Each month the Company submits regulatory reports to the Commission. I review the
9 report entitled "Comparison of Gas Expense and Recovery" each month. This report provides
10 totals for firm sales, total GCR revenue, total gas cost, the Company's monthly over- or under-
11 recovery, the deferred fuel balance (year-to-date), and the percentage over- or under-recovery.
12 The Company also supplies reports addressing the development of annual commodity and
13 demand expenses, summarizing the sales and gas cost rate revenues for the various service
14 classifications, and summarizing all pipeline purchases, storage injections and withdraws, and
15 hedge program financial settlements.

16 Each month the Company submits back-up to these reports consisting of:

- 17 • Changes of MVG & LVG contract MDQs in Mcf.
18 • Spreadsheets detailing all line item charges to firm and non-firm transportation
19 customers.
20 • Accounting reports for accounts such as: Gas System Purchases, Gas Injections and
21 Withdraws, Flexibly Priced Sales ("FPS") costs, and Revenues from Off-System
22 Capacity.

- Monthly GCR sales totals back-up for Residential, MVG (electing and non-electing), and LVG customers.

C. 2012/2013 Gas Cost Rate Proceeding

Q. Please summarize the provisions of the settlement agreement reached in the previous year's GCR, Docket No. 12-419F, and your understanding of the Company's compliance with those provisions.

A. The Commission entered Order No. 8397 on June 18, 2013, and approved the settlement agreement that arose out of last year's GCR. There were five provisions of the settlement agreement. Below is a brief summary of each provision and the Company's compliance with each issue.

1. GCR Rates:

The parties agreed that Delmarva would implement the rates proposed in the filing. Staff's review of the Company's gas service tariff leaves show that it has complied with this provision.

2. Natural Gas Hedging Program:

The parties agreed that Delmarva would continue to execute its Gas Hedging Program in accordance with the settlement approved in Docket No. 08-266F and further continue to hold quarterly hedge meetings to discuss and review the program. Staff, DPA and the Company have continued to have quarterly meetings to discuss the hedging reports that the Company submits.

3. Lost and Unaccounted for ("LAUF") Gas:

1 The parties agreed to increase the LAUF factor to be applied to GCR customers from 2%
2 to 3%. As Delmarva continued to investigate the LAUF issue with the large volume gas
3 transportation customer ("LG Customer"), Delmarva was to provide the parties with regular
4 updates at least every two months regarding the on-going investigation. Once the actual LAUF
5 costs are finally determined, the Deferred Fuel Balance is to be trued-up with interest in the
6 immediately subsequent GCR filing. Within thirty days after the actual LAUF costs are finally
7 determined, the Company will file a report with the Commission which identifies the definitive
8 findings of its investigation and the actual LAUF costs. The report must also address whether the
9 GCR customers were improperly assessed LAUF costs during the period when the LG
10 Customer's facilities were owned by Conectiv Delmarva Generation, LLC. The Parties agreed
11 that regardless of the results of the negotiations between Delmarva and the LG Customer, and
12 subject to applicable law and tariff provisions, GCR customers would not be responsible for any
13 of the LAUF costs associated with serving the LG Customer, whether such costs were incurred
14 before or after the time when the LG Customer's facilities were owned by Conectiv Delmarva
15 Generation, LLC.

16 The Application states that the Company and the LG Customer have agreed to engage the
17 services of a qualified independent technical expert, CEESI Management Solutions Inc.
18 ("CMSI"), to investigate the source(s) and actual quantity of LAUF on the pipeline segment
19 shared by the Company and the LG Customer. The investigation will include a detailed
20 operational audit. The Company has continued to regularly update Staff and the DPA on the
21 progress of the investigation. The last update occurred on February 11, 2014. The Company
22 informed Staff and the DPA that the technical expert was in the process of finalizing the report.

23 4. Improving the GCR Process:

1 The Parties agreed to work together to investigate a framework for future GCR filings
2 that would improve the GCR process, including but not necessarily limited to, modifications to
3 existing tariff provisions that will minimize unrecovered costs carried into subsequent GCR
4 filings.

5 Staff met with the Company in June 2013 to discuss alternative GCR mechanisms.
6 During the quarterly meeting to discuss the hedging report in November 2013 Staff, DPA and the
7 Company also discussed alternative GCR mechanisms.

8 5. Fixed Costs:

9 Delmarva agreed to continue regularly evaluate its pipeline capacity and storage portfolio
10 with the goal of mitigating increases in fixed costs whenever feasible.

11 In its' Application the Company states that it monitors and intervenes as necessary in
12 pipeline rate cases to mitigate the financial impact on fixed pipeline and storage costs. Delmarva
13 has also canceled contracts which are not needed to meet its expected design-day reserves.

14
15 **D. Forecasted Gas Sales and Supply Costs**

16
17 **Q. Please summarize the projected sales forecast for the November 2013 – October**
18 **2014 GCR.**

19 A. The Company used the same methodology it used in Docket No. 12-419F to forecast its
20 sales for the current GCR. The forecasts for Residential, Residential Space Heat, and General
21 Gas customers are projected using a multi-variant econometric model. The larger rate classes'
22 forecasts are determined on a customer-by-customer basis using sales patterns, production and
23 maintenance schedule changes, and load additions or deletions. Normal weather is defined as the

1 30-year average of monthly Heating Degree Days on a 65 degree Fahrenheit base (“HDD”),
2 which is consistent with Commission Order No. 6327 in Docket No. 03-137.

3 Delmarva projects the firm throughput volume for November 2013 through October 2014
4 to decrease from the prior GCY. Firm sales are expected to decrease by 3.8%, and firm
5 transportation is projected to decrease slightly by 0.3%, as shown below.

	2012-2013 forecast	2013-2014 forecast	Change	% Change
Firm Bundled Sales	12,856,057 Mcf	12,365,627 Mcf	(490,430) Mcf	-3.8%
Firm Transportation	6,388,595 Mcf	6,368,506 Mcf	(20,089) Mcf	-0.3%
Firm Throughput	19,244,652 Mcf	18,734,133 Mcf	(510,519) Mcf	-2.7%

7
8 **Q. Was there any difference in the data source used to obtain normal weather in this**
9 **year’s GCR?**

10 A. No. The HDD history is based on NOAA weather data collected at the “Wilmington” site
11 located at the New Castle County Airport, New Castle, Delaware. This is consistent with Order
12 No. 6327 in Docket No. 03-137, which directed the Company to use NOAA data once it became
13 available to Delmarva’s Gas Delivery division. The Company began using NOAA data in the 10-
14 295F GCR case.

15
16 **Q. What is the Company’s current recovery balance?**

17 A. The Comparison of Gas Expense and Recovery report submitted on January 15, 2014
18 showed a projected under-recovery balance of \$1,883,387 or 2.6% for the period ending October
19 31, 2014 based on one month of actual data and eleven months of estimated data. This amount
20 includes the \$5,776,089 deferred fuel balance, exclusive of interest, at October 31, 2013.

1 **Q. Does this change Staff's prior recommendation that the GCR process should be**
2 **improved to minimize unrecovered costs carried into subsequent GCR filings?**

3 A. No. Staff maintains its position that the parties should continue to investigate ways to
4 improve the GCR process, including provisions that will minimize unrecovered costs carried into
5 subsequent GCR filings and the need for waivers.

6
7 **Q. What percentage loss factor did the Company use in this Application to account for**
8 **gas that is lost and unaccounted for?**

9 A. The Company used a 2.8% loss factor. This is a change from the loss factor that was used
10 in the Company's previous application. The Company has proposed that the loss factor be
11 decreased from 3% to 2.8% based on calculations of lost and unaccounted for gas for 12 month
12 24 month, and 36 month periods ending June 30, 2013.

13
14 **Q. Did the Company any unique adjustments to this GCR similar to the one in Docket**
15 **12-419 related to the LAUF issue with the LG customer?**

16 A. No. The Company states in its Application that it is waiting for the result of CMSI's
17 report prior to making any further adjustments.

18
19 **Q. How does the Company intend to recover costs associated with hiring CMSI?**

20 A. In response to a data request, the Company stated it intends to recover its proportionate
21 share (50%) through gas cost rates.

22
23 **Q. Does Staff agree that the GCR is the appropriate place to recover these costs?**

1 A. No. Leaf No. 32 of the Company's gas service tariff provides for specific costs to be
2 included in the GCR. Staff does not believe that the costs related to the technical expert are
3 permitted to be included in those costs.

4
5 **Q. How does Staff recommend these costs be recovered?**

6 A. Staff recommends the Company include the costs in its next base rate case. The amount
7 should be charged to FERC Account 923 – Outside Services Employed. Staff would also
8 recommend that ratepayers be held harmless for any carrying costs, since the Company cannot
9 file another base rate case prior to January 1, 2015 in accordance with the Settlement Agreement
10 reached in Docket 12-546.

11
12 **Q. Please discuss how the forecasted spot purchase costs were developed.**

13 A. The Company used the NYMEX gas futures closing prices on August 8, 2013, as its spot
14 (wholesale) gas price. The Company believes that using a different methodology is not likely to
15 provide a more accurate GCR forecast. This methodology is in compliance with Delaware PSC
16 Order No. 6956 from Docket No. 05-312F, which states that:

17 (a) Delmarva will use the NYMEX natural gas futures as the primary
18 tool in establishing its proposed gas cost rate each year;

19 (b) Delmarva will use the NYMEX gas futures prices based upon a
20 single day's close or an average of two or more days of closing
21 prices selected from actual gas futures closing prices observed
22 between July 20 and August 20 each year;

1 (c) Delmarva will use a consistent gas futures forecasting
2 methodology from year-to-year unless, in its good faith business
3 judgment, the Company believes that market indicators suggest
4 that a different methodology is likely to provide a more accurate
5 gas cost rate forecast.
6

7 **Q. Please summarize the projected natural gas commodity costs for the November 2013**
8 **– October 2014 GCR.**

9 A. Storage withdrawals are estimated to make up 24.3% of the commodity requirements,
10 with an estimated cost of \$3.84 per Mcf. Hedged purchases are estimated to make up 21.3% of
11 commodity requirements, with an estimated cost of \$4.22 per Mcf. Spot purchases are estimated
12 to make up 54.4% of commodity requirements with an estimated cost of \$3.81 Mcf. The
13 Company is currently estimating commodity costs of \$46,052,062 for the 2013-2014 GCR
14 period.
15

16 **Q. Please summarize the Company's projected fixed costs for the November 2013 -**
17 **October 2014 GCR.**

18 A. The Company is projecting fixed gas costs totaling \$29,458,816 for the 2013-2014 GCR
19 period. This estimate includes costs related to pipeline capacity and supply, costs for storage and
20 seasonal services, and costs for supplemental/peaking sources. The projected fixed costs are
21 \$1,043,265 or 3.7% lower than in the previous year's GCR projection. According to witness
22 Jacoby's testimony, a combination of increased pipeline capacity and supply costs and decreased
23 storage and seasonal services attributed to the increase in fixed costs.

1 **Q. How do these costs relate to the fixed costs in the previous year's GCR**
2 **periods?**

3 A. Attachments MD-2 through MD-4 depict the changes in fixed costs over the past three
4 years.

- 5 • In comparing the GCR period November 2010-October 2011 to November 2011-October
6 2012, transportation and storage contracts decreased by \$762,733 or 2.59%. (Attachment
7 MD-2)
- 8 • In comparing the GCR period November 2011-October 2012 to November 2012-October
9 2013, transportation and storage contracts decreased by \$267,227 or 0.93%. (Attachment
10 MD-3)
- 11 • In comparing the projected costs for the GCR period November 2012-October 2013 to
12 the projected costs for November 2013-October 2014, the transportation and storage
13 contracts are projected to increase by \$1,043,265 or 3.67% (Attachment MD-4)

14
15 **Q. Do you have any recommendations regarding the fixed costs?**

16 A. Yes. The Company should continue to take steps to mitigate increases in fixed costs
17 when managing its pipeline capacity and storage portfolio.

18
19 **Q. Is the Company proposing a change the Transportation Balancing Fee assessed on**
20 **the imbalance volumes of all transportation service customers?**

21 A. Yes. The Company is proposing to decrease the Transportation Balancing Fee from
22 \$0.3348 per Mcf to \$0.3337 per Mcf. This is a decrease of 0.3%. According to Ms. DeVito's
23 testimony (page 10), the decrease is due to a decrease in the estimated upstream cost of

1 balancing. Staff Witness Mierzwa will address the appropriateness of the Transportation
2 Balancing Fee in his testimony.

3
4 **E. Capacity Release and Off-System Sales**

5
6 **Q. What are the Company's forecasted off-system sales and capacity release revenues?**

7 A. The Company forecasts that it will receive \$3,557,607 in gross margins from off-system
8 sales and capacity release transactions.

9
10 **Q. Is the Company complying with the margin sharing parameters in accordance with**
11 **PSC Order No. 7658?**

12 A. It appears that it is. The Application included a schedule detailing actual and estimated
13 off-system sales and capacity release revenues from July 2012 through October 2014. The
14 Company provided additional information related to off-system sales and capacity release in
15 response to data requests.

16
17 **IV. Gas Cost Rate Recommendations**

18
19 **Q. Do you agree with the Company's request to modify its GCR factors?**

20 A. Yes, the request appears reasonable. I recommend that the Commission approve the rates
21 that were previously authorized on a temporary basis, subject to refund, for the 2013-2014 GCR
22 period. The GCR true-up process will provide reconciliation between currently-projected gas
23 costs and actual gas costs.

1 **Q.** **Does this conclude your testimony?**

2 **A.** Yes.

APPENDIX

Calculations based on residential customer using 120 ccf per winter month

Current		Proposed	
Customer Charge	\$ 11.96	Customer Charge	\$ 11.96
Commodity Charge*- 1st 50 ccf @.52672	\$ 26.34	Commodity Charge- 1st 50 ccf @.52672	\$ 26.34
Commodity Charge-over 50 ccf@.42267	\$ 29.59	Commodity Charge-over 50 ccf@.42267	\$ 29.59
Total Base Rate	\$ 67.88	Total Base Rate	\$ 59.03
ESR**	\$ 0.0252	ESR**	\$ 0.0252
GCR @\$.68967ccf	\$ 82.76	GCR@\$.62106/ccf	\$ 74.53
TOTAL	\$ 150.67	TOTAL	\$ 142.44
Overall \$ Decrease			\$ (8.23)
Overall % Decrease			-5.5%
\$ Decrease due to GCR			\$ (8.23)
% Decrease due to GCR			-12.1%

* Commodity Charges based interim rates approved in Order No. 8402 in PSC Docket No. 12-546

** ESR= \$.00013/ccf based on PSC Docket 12-420

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Summary of Actual Fixed Gas Costs

Pipeline Capacity & Supply	2010-2011 Total Costs	2011-2012 Total Costs	Year-to-year Change	Percentage Change
TRANSCO FT	\$9,369,149	\$9,424,937	\$55,788	0.59%
COLUMBIA FTS	\$1,948,159	\$1,941,076	(\$7,083)	-0.36%
TRANSCO SENTINEL FT	\$5,031,227	\$5,014,523	(\$16,704)	-0.33%
TETCO, TRUNK & PEPL	\$1,867,605	\$1,863,639	(\$3,966)	-0.21%
TRANSCO LEIDY-LINE FT	\$217,682	\$218,601	\$919	0.42%
TRANSCO FT	\$94,816	\$0	(\$94,816)	
GULF FTS-1 & FTS-2	\$1,152,296	\$995,627	(\$156,669)	-15.74%
NATIONAL FUELS FT	\$205,088	\$105,566	(\$99,522)	-94.27%
EASTERN SHORE FT365	\$4,034,855	\$3,852,166	(\$182,689)	-4.74%
EASTERN SHORE T-1	\$71,860	\$68,239	(\$3,621)	-5.31%
EASTERN SHORE E-3 SURCHARGE	\$273,904	\$288,053	\$14,149	4.91%
TRANSCO SENTINEL METER UPGRADE	\$892,258	\$894,691	\$2,433	0.27%
SUBTOTAL	\$ 25,158,899	\$ 24,667,118	\$ (491,781)	-2%
Storage & Seasonal Services				
TRANSCO GSS	\$1,491,403	\$1,494,219	\$2,816	0.19%
COLUMBIA FSS	\$637,237	\$637,701	\$464	0.07%
COLUMBIA SST	\$847,422	\$850,461	\$3,039	0.36%
TRANSCO PS-3	\$139,980	\$135,062	(\$4,918)	-3.64%
PENN YORK SS-2	\$328,179	\$164,090	(\$164,089)	-100.00%
TRANSCO ESS	\$525,600	\$527,093	\$1,493	0.28%
TRANSCO WSS	\$197,791	\$129,184	(\$68,607)	-53.11%
SUBTOTAL	\$4,167,612	\$ 3,937,810	(\$229,802)	-5.51%
Supplemental Peaking Sources				
TRANSCO LGA	\$82,277	\$41,027	(\$41,250)	-100.54%
TRANSCO LNG	\$36,723	\$36,823	\$100	0.27%
SUBTOTAL	\$119,000	\$77,850	(\$41,150)	-34.58%
TOTAL	\$ 29,445,511	\$ 28,682,778	\$ (762,733)	-2.59%

Source- Updated Schedule MG-2 in Docket No. 11-381F and Data Request DPA 1-41 in Docket 12-419F

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Summary of Actual to Projected Fixed Gas Costs

Pipeline Capacity & Supply	2011-2012 Total Costs (Actual)	2012-2013 Total Costs (Projected)	Year-to-year Change	Percentage Change
TRANSCO FT	\$9,424,937	\$9,367,336	(\$57,601)	-0.61%
COLUMBIA FTS	\$1,941,076	\$1,963,044	\$21,968	1.12%
TRANSCO SENTINEL FT	\$5,014,523	\$5,027,605	\$13,082	0.26%
TETCO, TRUNK & PEPL	\$1,863,639	\$1,872,093	\$8,454	0.45%
TRANSCO LEIDY-LINE FT	\$218,601	\$217,905	(\$696)	-0.32%
TRANSCO FT	\$0	\$0	\$0	
GULF FTS-1 & FTS-2	\$995,627	\$1,161,586	\$165,959	14.29%
NATIONAL FUELS FT	\$105,566	\$0	(\$105,566)	
EASTERN SHORE FT365	\$3,852,166	\$3,906,660	\$54,494	1.39%
EASTERN SHORE T-1	\$68,239	\$66,432	(\$1,807)	-2.72%
EASTERN SHORE E-3 SURCHARGE	\$288,053	\$288,053	\$0	0.00%
TRANSCO SENTINEL METER UPGRADE	\$894,691	\$892,246	(\$2,445)	-0.27%
SUBTOTAL	\$ 24,667,118	\$ 24,762,960	\$ 95,842	0.39%
Storage & Seasonal Services				
TRANSCO GSS	\$1,494,219	\$1,489,870	(\$4,349)	-0.29%
COLUMBIA FSS	\$637,701	\$540,376	(\$97,325)	-18.01%
COLUMBIA SST	\$850,461	\$711,410	(\$139,051)	-19.55%
TRANSCO PS-3	\$135,062	\$160,034	\$24,972	15.60%
PENN YORK SS-2	\$164,090	\$0	(\$164,090)	
TRANSCO ESS	\$527,093	\$498,968	(\$28,125)	-5.64%
TRANSCO WSS	\$129,184	\$215,211	\$86,027	39.97%
SUBTOTAL	\$3,937,810	\$ 3,615,869	(\$321,941)	-8.18%
Supplemental Peaking Sources				
TRANSCO LGA	\$41,027	\$0	(\$41,027)	
TRANSCO LNG	\$36,823	\$36,722	(\$101)	-0.28%
SUBTOTAL	\$77,850	\$36,722	(\$41,128)	-52.83%
TOTAL	\$ 28,682,778	\$ 28,415,551	\$ (267,227)	-0.93%

Source- Response to DPA 1-41 in Docket No.12-419F and Schedule JBJ-2 in Docket 13-349F

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Firm Transportation & Storage Contract Portfolio

Summary of Projected Fixed Gas Costs

Pipeline Capacity & Supply	2012-2013 Total Costs	2013-2014 Total Costs	Year-to-year Change	Percentage Change
TRANSCO FT	\$9,367,336	\$11,132,445	\$1,765,109	18.84%
COLUMBIA FTS	\$1,963,044	\$1,850,304	(\$112,740)	-5.74%
TRANSCO SENTINEL FT	\$5,027,605	\$5,024,320	(\$3,285)	-0.07%
TETCO, TRUNK & PEPL	\$1,872,093	\$1,804,652	(\$67,441)	-3.60%
TRANSCO LEIDY-LINE FT	\$217,905	\$ 268,568	\$50,663	23.25%
GULF FTS-1 & FTS-2	\$1,161,586	\$1,161,586	\$0	0.00%
EASTERN SHORE FT365	\$3,906,660	\$3,906,660	\$0	0.00%
EASTERN SHORE T-1	\$66,432	\$66,432	\$0	0.00%
EASTERN SHORE E-3 SURCHARGE	\$288,053	\$288,053	\$0	0.00%
TRANSCO SENTINEL METER UPGRADE	\$892,246	\$502,700	(\$389,546)	-43.66%
SUBTOTAL	\$ 24,762,960	\$26,005,720	\$1,242,760	5.02%
Storage & Seasonal Services				
TRANSCO GSS	\$1,489,870	\$1,654,838	\$164,968	11.07%
COLUMBIA FSS	\$540,376	\$ 364,044	(\$176,332)	-32.63%
COLUMBIA SST	\$711,410	\$505,722	(\$205,688)	-28.91%
TRANSCO PS-3	\$160,034	\$ 123,176	(\$36,858)	-23.03%
TRANSCO ESS	\$498,968	\$ 521,621	\$22,653	4.54%
TRANSCO WSS	\$215,211	\$246,632	\$31,421	14.60%
SUBTOTAL	\$ 3,615,869	\$ 3,416,033	(\$199,836)	-5.53%
Supplemental Peaking Sources				
DELMARVA LNG	\$0	\$ -	\$0	
TRANSCO LNG	\$36,722	\$ 37,063	\$341	0.93%
SUBTOTAL	\$36,722	\$ 37,063	\$341	0.93%
TOTAL	\$ 28,415,551	\$ 29,458,816	\$ 1,043,265	3.67%

Source- Schedule JBJ-2 Docket No. 13-349F